

enormous amounts of money, and this is going to drain their revenue base, and it will have calamitous financial ramifications.

But as you listen to those projections—and I know they are pouring into Senators' offices—we have heard those arguments again and again, and they have not come to pass. I point out, for example—and I will quote—in 1997, the National Governors Association said the Internet Tax Freedom Act “would cause the virtual collapse of the State and local revenue base.”

The chairman of the Commerce Committee worked with myself and Senator STEVENS and others, and we passed the legislation. The Governors said that revenue base was going to collapse. But in the next year, local and State tax revenues were up \$7.2 billion. That is one example from over the last 8 years and the journey we have had in the debate over this legislation.

The same thing happened in 2001. Those who opposed our legislation said: The growth of e-commerce represents a significant threat to State and local tax revenues and they might lose tax revenue in the neighborhood of \$20 billion in 2003.

According to the National Association of State Budget Officers, State sales tax collections rose from \$134.5 billion in 2001 to \$160 billion in 2003, an increase of more than \$25 billion in 2 years.

We heard again and again this would be devastating to mom-and-pop stores on Main Streets, and pretty much the Main Streets of Maine and Oregon would shrivel up because of the special fix that was provided for sales online. Over the entire period this law has been on the books, the number of sales online has gone up something like 1.5 percent. It has been a tiny fraction of our economy.

The fact is, the major development over the 8 years we have had this legislation on the books is we have essentially seen most of our businesses go to “bricks and clicks.” If you walk on the streets of Maine, or the streets of Oregon, our smallest businesses so often are able to expand their sales because they have a significant online component, and people from all over the world can shop at a small store in Maine or Oregon. I think as the Chair will note, these small stores don't have big advertising budgets. They cannot send people all over the world to market their products. Because of the Internet, they are in a position to have a global marketplace. So major development in this field, rather than wiping out Main Street stores, has helped them.

Senator LEAHY brought in a small merchant from Vermont who talked to us specifically about the extraordinary gains they have been able to make as a result of the convenience provided by Internet shopping, which will certainly be harmed if the Alexander legislation were to pass.

I imagine we will continue to pummel this subject a bit more tomorrow.

Having been involved in this issue for 8 years, I think it is fair to say the decision the Senate makes on this subject will say a whole lot about the future of the Internet. We learned this morning, as the chairman of the Commerce Committee pointed out, we are already lagging behind in terms of broadband investment. That is the wave of the future. I think small towns in Maine and in Oregon—when we talk about access, for example, to the Net and new technology, it is not going to come about through cable, because cable is going to be very reluctant to make those major investments in small towns, such as those that the distinguished Presiding Officer represents, and my small towns. It is going to come about essentially through broadband, delivered via DSL, and the fact is, today, DSL in many jurisdictions is singled out for special and discriminatory treatment. If we were to not update the law, that would be a trend that would be sure to accelerate.

So I think this is going to be an extremely important vote tomorrow. This is a law that has worked. I will wrap up with this one comment I have mentioned to colleagues, as we have talked about this over the years. I have not found a single jurisdiction anywhere that can point to an example of how they have been hurt by their inability to discriminate against the Internet. That is all we have sought to do over the last 7 years. We said treat the Internet as you treat the offline world. When we started, that was not the case. If you bought a paper the traditional way in a number of jurisdictions, you would pay no taxes. If you bought the online edition of that very same paper, you would pay a tax. That was not technologically neutral. So we passed the first Internet tax freedom bill to deal with that kind of example.

For over more than 5 years, this is a law that has worked. Under the McCain compromise that we will vote on tomorrow, we would simply be updating that law to incorporate the kinds of technologies that evolved over the last few years.

I wanted to make sure tonight that people understood with a specific example of a message that would go from Providence, RI, to Portland, OR, how the vagueness in terms of the definitions in the Alexander legislation would, in my view, subject a simple message sent by BlackBerry via DSL to scores of new taxes. I cannot believe any Senator would want that to happen, and that is why I am hopeful we will get support for the McCain compromise and be able to move forward to final passage of the legislation.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ALEXANDER). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FRIST. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### MORNING BUSINESS

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate now proceed to a period for morning business, with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### JOHN RHODES MEMORIES

Mr. COCHRAN. Mr. President, it has come to my attention that the family of former Congressman John Rhodes of Arizona has established a special Web site: [www.johnrhodesmemories.org](http://www.johnrhodesmemories.org) for the purpose of collecting memories from friends and former colleagues of this outstanding statesman.

When I was elected to serve in the U.S. House of Representatives in 1972 one of the first House leaders I came to know was John Rhodes, who was serving as chairman of the House Republican Policy Committee. Together with Congressman Gerald Ford, who was the Republican leader, he helped shape our legislative priorities and worked closely with President Nixon to formulate Republican Party policies.

The memories I have of John Rhodes include his impeccable manners, his courtesy, his warm, big smile, his good judgement and his honesty. He was well liked by all Members of the House, Republicans and Democrats.

It was foregone conclusion when Gerald Ford was selected by President Nixon to be his Vice President that John Rhodes would be elected by House Republicans to be the Republican leader. He was unopposed and elected unanimously.

He served as leader with distinction during a very challenging time. The Watergate experience decimated House Republicans, but he helped put us on the road to political recovery and eventual majority status. Even though he and I left the House about the same time—he to retirement and I to election to the Senate—we would get together occasionally at meetings of SOS, a group that meets every week to discuss mutual interests and ideas for the improvement of the country and beyond.

In summary, all my memories of the Honorable John Rhodes were good ones. His death on August 24, 2003, saddened all who knew him. He was a true friend and a great Congressman.

#### UKRAINIAN DEMOCRACY

Mr. LEVIN. Mr. President, the demise of the Soviet Union, in 1991, provided an opportunity for millions of people to chart their own destiny as people free from the yoke of repressive communism. At that time, there was great hope that a free and prosperous Ukraine could become a member of the